

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 CIAE-00 COME-00 DODE-00 FMC-04

INR-10 NSAE-00 RSC-01 CG-00 COA-02 DLOS-06 DOTE-00

PM-07 H-03 L-03 NSC-10 PA-04 PRS-01 SPC-03 SS-20

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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

INFO USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 213635

E.O. 11652: N/A

TAGS: ETRN, CH, US

SUBJECT: DIRECT SHIPPING SERVICE TO CHINA BY US FLAG LINES

REF: HONG KONG 10696

SUMMARY: FOLLOWING IS GUIDANCE REQUESTED REFTEL. USG
HIGHLY INTERESTED IN INTRODUCTION OF US-FLAG SHIPPING
SERVICE TO CHINA AS SOON AS FEASIBLE.

1. ON NOVEMBER 22, 1972 THE WHITE HOUSE ANNOUNCED MODIFI-
CATION OF TRANSPORTATION ORDER T-2 WHICH LIFTED THE
PREVIOUS RESTRICTION ON CALLS AT PRC PORTS BY US-FLAG
VESSELS. TEXT IS AT PARA. 5. THIS ACTION ENDED LAST OF
USG RESTRICTIONS ON SUCH CALLS BY US-FLAG VESSELS AND AT
LEAST THEORETICALLY OPENED WAY FOR US SHIPPING TO PARTICI-
PATE IN US-PRC TRADE.

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2. DEPARTMENT SUBSEQUENTLY MADE IT CLEAR TO US-FLAG LINES THAT, IN ABSENCE OF ANY TREATY RIGHTS OR OTHER US-PRC AGREEMENT, PERMISSION FOR US VESSELS TO CALL AT PRC PORTS RESTED ENTIRELY WITH GPRC. IN ADDITION, DEPARTMENT EXPLAINED THAT ABSENCE OF ANY INTERGOVERNMENTAL MISSIONS (AT LEAST UP TO TIME OF ESTABLISHMENT OF RESPECTIVE LO'S IN PEKING AND WASHINGTON) AND OF CONSULAR AGREEMENT WOULD MAKE DEPARTMENT'S TRADITIONAL SHIPPING PROTEC-

TION SERVICES MUCH MORE DIFFICULT. FINALLY, DEPARTMENT HAS ALSO INFORMALLY EXPLAINED TO US LINES PROBLEM OF PRC FROZEN ASSETS AND US PRIVATE CLAIMS, HOW PRC VESSELS MIGHT RUN RISK OF ATTACHMENT BY PRIVATE PARTY UPON ENTERING US PORT, AND THAT PRC MIGHT VIEW THIS INABILITY TO INTRODUCE FLAG SERVICE TO US PORTS AS PRIMA FACIE LACK OF RECIPROCITY BARRING US-FLAG VESSELS FROM PRC PORTS.

3. DESPITE ABOVE TEMPORARY PROBLEMS, DEPARTMENT HIGHLY INTERESTED IN SEEING US-FLAG DIRECT SERVICE TO CHINA INTRODUCED AS SOON AS FEASIBLE IN ORDER TO TAKE ADVANTAGE OF GROWING US-PRC OCEAN-BORNE TRADE, AND HAS KEPT IN CLOSE CONTACT WITH US SHIPPING LINES ON THIS POSSIBILITY. (WASHINGTON REP OF LYKES QUERIED DEPARTMENT ON THIS MATTER ON OCTOBER 24, MENTIONING ALSO COTTON CARGOES CITED PARA. 1 REFTEL).

4. POSTS SHOULD CONTINUE ALERT REPORTING ON THIS SUBJECT, ESPECIALLY RE POSSIBLE PRC ATTITUDES TOWARD US SHIPPING SERVICE TO CHINA.

5. TEXT OF PRESS RELEASE, NOVEMBER 22, 1972:
"DEPARTMENTS OF COMMERCE & TRANSPORTATION ANNOUNCE CHANGES TO PERMIT U.S. CARRIERS TO CALL AT THE PEOPLE'S REPUBLIC OF CHINA

"THE WHITE HOUSE TODAY ANNOUNCED THE RELAXATION OF RESTRICTIONS ON U.S. CARRIERS TO CALL ON THE PEOPLE'S REPUBLIC OF CHINA.
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"UNDER PREVIOUS REGULATIONS (TRANSPORTATION ORDER T-2) U.S. AIR CARRIERS AND SHIPS WERE NOT ALLOWED TO VISIT CHINESE PORTS. THESE PROHIBITIONS WERE REMOVED BY THE ACTIONS ANNOUNCED TODAY.

"THE MODIFICATION REFLECTS PRESIDENT NIXON'S INTENTION TO REVIEW EXISTING RESTRICTIONS ON TRADE AND TRAVEL

RELATIVE TO THE PEOPLE'S REPUBLIC OF CHINA IN AN
EFFORT TO CREATE BROADER OPPORTUNITIES FOR CONTACTS
BETWEEN THE CHINESE AND AMERICAN PEOPLES.

"VISITS OF U.S. AIRCRAFT TO THE PEOPLE'S REPUBLIC OF
CHINA WILL CONTINUE TO REQUIRE A VALIDATED LICENSE
UNDER THE EXPORT CONTROL REGULATIONS ADMINISTERED BY
THE DEPARTMENT OF COMMERCE.

"THIS CHANGE DOES NOT APPLY TO NORTH KOREA OR TO THE
COMMUNIST CONTROLLED AREA OF VIET-NAM WHERE U.S. CARRIERS
CONTINUE TO BE PROHIBITED FROM CALLING." KISSINGER

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